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24 July 1958

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CENTRAL INTELLIGENCE BULLETIN



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Next 1 Page(s) In Document Exempt

CENTRAL INTELLIGENCE BULLETIN

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24 July 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

NO *USSR--Summit Meeting on Middle East: While Premier Khrushchev ostensibly agrees to American and British proposals for a UN Security Council session at the heads-of-government level, he attempts to construe the Western proposals as an acceptance of his 19 July call for a five-power summit conference on the Middle East. Khrushchev's aim apparently is to ensure that all the important discussions will be conducted in a subcommittee of the full council composed of the five heads of government--the Big Four and India--plus representatives of "interested Arab states." The letters are cast in deliberately ambiguous terms in order to maintain the maximum freedom of maneuver on such issues as agenda, participants, and procedure.

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NO Watch Committee conclusion--Sino-Soviet Bloc (as of 1600 EDT, 23 July):

A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.

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NOTE: It is not believed that the USSR would intentionally resort to general war to expand or preserve its recent gains in the Middle East. It cannot be assumed, however, that the Kremlin will avoid all risk of war, and a Soviet miscalculation of the risks remains a possibility.

B. No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the Orbit in the immediate future.

NOTE: While the USSR has placed some of its forces in positions of readiness, the Soviet Union has not taken many of the measures which would be considered necessary to prepare for aggressive action in the Middle East or elsewhere.

No Soviet military activity in Bulgaria, the Black Sea, and in the Transcaucasus and Turkestan Military Districts is certainly intended to intimidate the West and its allies, particularly Turkey, to back up vigorous Soviet bloc diplomatic, propaganda, and "popular" demands for the withdrawal of US and UK forces from Lebanon and Jordan and to support strong Soviet declarations to restrain Western and Turkish interference with the new Iraqi regime.

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This activity also has the effect of improving the combat readiness of Soviet forces in the area.

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24 July 58

DAILY BRIEF

ii

25X1

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Communist China: Serious floods may be developing in China's two largest river basins--the Yellow and the Yangtze, where at least half of China's food grain is produced. At present the more serious flooding appears to be along the course of the Yellow River, which reportedly burst its dikes on 22 July and damaged the important rail bridge just north of Chengchou.

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II. ASIA-AFRICA

No
Sudan: Prime Minister Khalil appears determined to maintain his control of the Sudanese Government and said on 22 July that he is making his preparations for establishing an army-backed dictatorship in order to "rid the country of subversive elements." He is probably not as certain, however, of the

24 July 58

DAILY BRIEF

iii

25X1

loyalty of the army as he appears. He may also encounter difficulty in maintaining parliamentary adherence to his pro-Western stand in the debate scheduled for 24 July on American and British intervention in the Middle East.

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Watch Committee conclusion--Middle East (as of 1600 EDT 23 July): Although critical tensions exist at a number of points in the Middle East, a deliberate initiation of open hostilities is unlikely in the immediate future.

NOTE: The presence of UK troops in Jordan has temporarily bolstered the weak Jordanian regime.

N^o US forces in Lebanon continue to be confronted with a likelihood of clashes with Lebanese rebel forces, and possibly also fedayeen.

25X6

An effort on the part of the UAR to break the UK-Kuwait alliance, through agreement with the Ruler or through internal revolt, appears likely in the near future.

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Watch Committee conclusion--Indonesia (as of 1600 EDT 23 July): The situation in Indonesia continues to favor local Communist exploitation. Sino-Soviet bloc military involvement is unlikely.

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III. THE WEST

N^o West Germany: Bonn's desire to maintain its economic interests and preserve its political position in the Middle East has made key German officials critical of American and British

24 July 58

DAILY BRIEF

iv

25X1

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policy in the area. While Chancellor Adenauer supports intervention in Lebanon and Jordan as "honoring obligations," he feels other countries share his concern over the "unpredictability" of American and British policies. He also believes that the Western powers have never made a "wise" assessment of Nasir's character. (Page 6)

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*Venezuela: The threat of a coup in Venezuela seems to have abated temporarily with the resignation from the cabinet of Defense Minister Castro Leon, principal leader of opposition to the Larrazabal regime. The split in the armed forces, the added prestige of the Communists and other leftist groups resulting from Castro's resignation, and civilian-military differences are factors for continued instability. If the leaders of the general strike which began on 23 July should demand further changes in the top military command, a new coup attempt might be precipitated.

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24 July 58

DAILY BRIEF

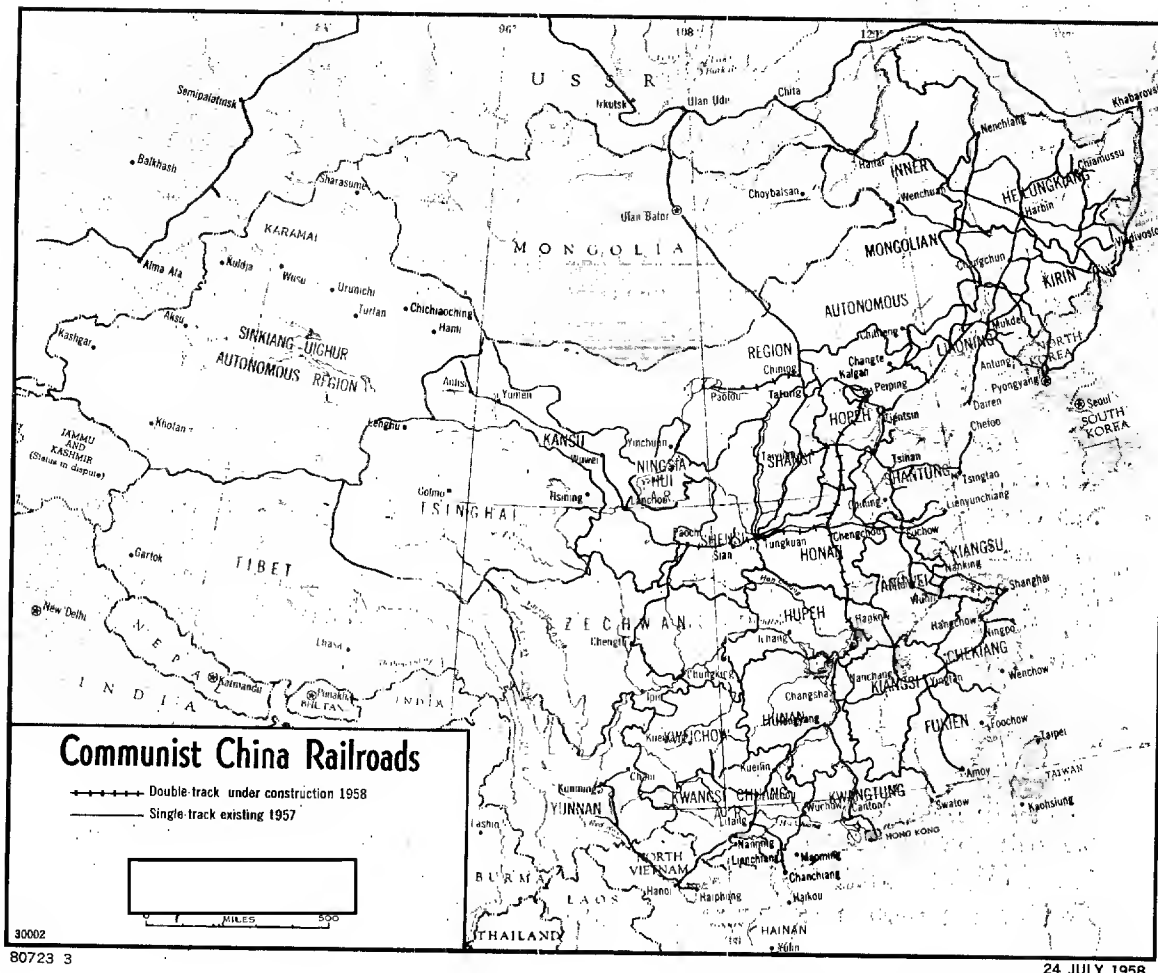
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Floods in China

Early reports suggest that a serious flood may be developing in China's two largest river basins--the Yellow and the Yangtze, where at least half of China's food grain is produced. The upper reaches of the Yellow River received three times as much rainfall as normal in June, while Kiangsi Province, in the Yangtze basin, is reported to have received 23.6 inches of rainfall so far during July. The Han River, an important Yangtze tributary, was reported in flood on 19 July, the Yangtze on 22 July.

At present the most serious flooding appears to be along the course of the Yellow River. The Yellow, which is especially prone to disastrous floods, was reported on 22 July by the Reuters correspondent in Peiping to have burst its dikes, inundating large areas of the North China plain. The critical Yellow River bridge just north of Chengchou is apparently unusable, necessitating the rerouting of through traffic on the Peiping-Hankow line via Shanghai.

The floods do not yet appear sufficiently bad to warrant comparison with the catastrophes of 1933 or 1954, but the situation is still developing and it appears entirely possible that Peiping's hopes of a bumper late harvest to go with the favorable early crop will not be realized. This, in turn, would seriously affect this year's "leap forward" and strengthen the hand of those party members who have opposed acceleration of the economic program and are admittedly waiting for the fall harvest to settle accounts. It will also mean that vast numbers of the irrigation and water conservancy works, built at such a great cost in labor last winter, will have to be rebuilt.

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Next 2 Page(s) In Document Exempt

III. THE WEST

Bonn's Views on Middle East

West Germany's desire to maintain its economic interests and preserve its political neutrality in the Middle East is reflected in a public attitude of reserve together with sharp private criticism of Anglo-American policy. The German press reported that in a two-hour interview with the UAR ambassador on 21 July, Chancellor Adenauer probably expressed a desire to continue mutually satisfactory relations.

On the same day, Adenauer informed American Ambassador Bruce that he supports US-British intervention in the Middle East but has disagreed with Western policy in the area since 1955. He feels that Bonn is "not alone" in its concern over the "unpredictability" of American policy. Adenauer also stated that the Western assessment of Nasir's character has been "unwise," a view which probably reflects the opinion of some German diplomats who believe that Bonn can work effectively with Nasir.

Bonn officials have suffered a severe case of nerves over possible Western intervention in Iraq. The Foreign Ministry informed British and American officials on 18 July that such a move would cause Bonn to re-examine its policy of sympathy and understanding for the Western position.

[redacted] the
chancellor pointed out to Ambassador Bruce that "some Germans" have maintained good relations with influential members of the new Iraqi Government since the pro-Nazi coup in 1941.

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Situation in Venezuela (Information as of 0100 EDT 24 July)

The threat of a coup in Venezuela seems to have abated temporarily with the resignation from the cabinet of Defense Minister Castro Leon, principal leader of opposition to the Larrazabal regime. However, the split in the armed forces, the added prestige of the Communists and other leftist groups resulting from Castro's resignation, and civilian-military differences are factors for continued instability. If the leaders of the general strike which began on 23 July should demand further changes in the top military command, a new coup attempt might be precipitated.

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[redacted] the situation in the Barcelona-Puerto La Cruz area where the Socony and Menegrande petroleum companies operate is chaotic, with mobs having taken over and no police or military authority effective. Officers at the Maracay air force base have refused to obey the orders of the new defense minister, General Lopez Enriquez.

During the crisis on 22 July, President Larrazabal called on the populace for support. Many of the students, who are Communist led, are said to have small arms and Molotov cocktails and are ready to fight against any take-over by the army. Other civilian groups who were severely repressed by the Perez Jimenez dictatorship will also fight to assure a return to constitutional government and democratic elections, now tentatively scheduled for November. It may have been in the face of such strong civilian opposition that Castro Leon decided to resign instead of making a stand at this time. An attempted army coup would probably lead to a bloody civil war.

The Communist party will probably gain still further as a result of the present crisis and as long as President Larrazabal continues his soft attitude toward Communists.

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